

Transportation Safety Board
of Canada



Bureau de la sécurité des transports
du Canada

Transportation Safety Board of Canada

2012-13

**Quarterly Financial Report for the
Quarter Ended December 31, 2012**

Canada

Management Statement for the Quarter Ending December 31, 2012

Introduction:

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates as well as *Canada's Economic Action Plan 2012 (Budget 2012)* for fiscal year 2012-13.

The Transportation Safety Board's (TSB) sole objective is to advance transportation safety. This mandate is fulfilled by conducting independent investigations into selected transportation occurrences. The purpose of these investigations is to identify the causes and contributing factors and the safety deficiencies evidenced by an occurrence. The TSB then reports publicly and makes recommendations to improve safety and reduce or eliminate risks to people, property and the environment.

The quarterly report has not been subject to an external audit or review.

Basis of Presentation:

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the TSB's spending authorities granted by Parliament and those used by the department. Authorities include amounts granted through the Main Estimates and Supplementary Estimates, as well as transfers from Treasury Board central votes that are approved by the end of the quarter. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

The TSB uses the full accrual method of accounting to prepare and present its departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

As part of the Parliamentary business of supply, the Main Estimates must be tabled in Parliament on or before March 1 preceding the new fiscal year. Budget 2012 was tabled in Parliament on March 29, after the tabling of the Main Estimates on February 28, 2012. As a result the measures announced in the Budget 2012 could not be reflected in the 2012-13 Main Estimates.

In fiscal year 2012-2013, frozen allotments have been established by Treasury Board authority in departmental votes to prohibit the spending of funds already identified as savings measures in Budget 2012. In future years, the changes to departmental authorities will be implemented through the Annual Reference Level Update, as approved by Treasury Board, and reflected in the subsequent Main Estimates tabled in Parliament. For further information on the Budget 2012 Implementation, please see the Budget 2012 Implementation section below.

Highlights of Fiscal Quarter and Fiscal Year to Date Results:

Statement of Authorities

At the end of the third quarter the TSB's total authorities were \$32,237,000. This includes funding that was received through the 2012-13 Main Estimates (\$26,479,000 for operating expenditures and \$3,575,000 for employee benefit plans), an Operating Budget Carry Forward of unused 2011-12 funds of \$1,334,000 and compensation adjustments of \$849,000 (e.g. terminable allowances, severance pay, maternity allowances). The increase of \$658,000 in funding from the second Quarterly Financial Report is due to compensation adjustments.

A year over year comparison of TSB's authorized funding for the third quarter presents a decrease of \$266,000 between 2012-13 and 2011-12. This decrease is primarily explained by collective agreements that have expired in 2011-12 for which a new agreement has not been signed. Funding for terminable allowances for these collective agreements was not included in the Main Estimates and has only been partly received to date. The remaining funding for these amounts should be received at a future date through Treasury Board Vote 15.

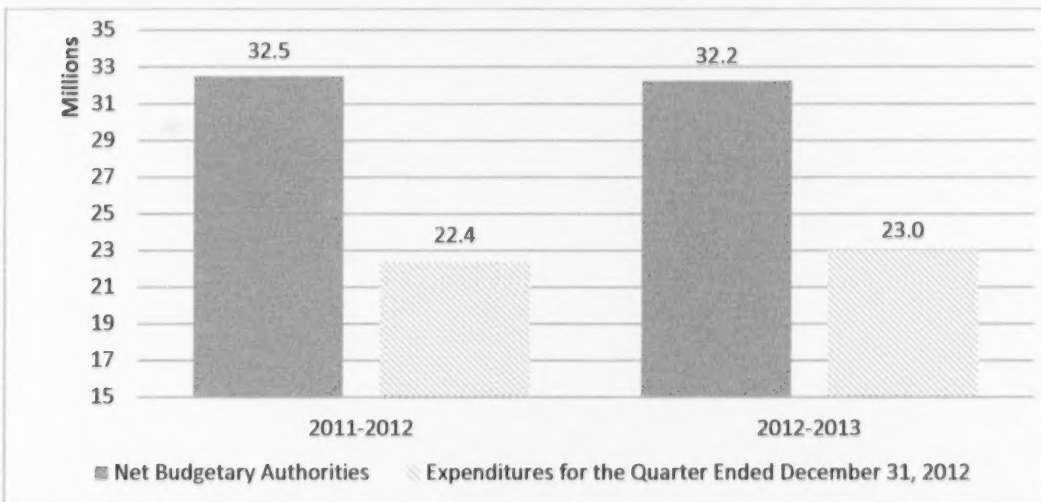
Statement of Departmental Budgetary Expenditures

The department's year-to-date spending at the end of the third quarter is \$448,000 higher than spending for the third quarter in the previous year. The increase is due mainly to higher personnel costs resulting from salary increments and a retro-active compensation payment.

At the end of the third quarter, the TSB has spent 78% of its available authorities for personnel. This spending exceeds 75% of available authorities at third quarter due to the fact that funding for certain personnel expenses incurred to date (e.g. terminable allowances, maternity allowances) has not yet been received. The TSB expects to receive this funding later in the fiscal year.

As illustrated in Figure 1, the TSB has spent approximately 71% of its authorities at the end of the third quarter. This spending pattern is consistent with planned spending and with previous years as the TSB's spending is generally distributed equally throughout the year given that the department's most significant expense is salaries.

Figure 1 – Comparison of Net Budgetary Authorities and Expenditures as of December 31, for fiscal years 2011-12 and 2012-13



Risks and Uncertainties:

The TSB maintains a corporate risk profile which identifies and assesses high-level risks that could affect the achievement of the department's objectives and priorities. Certain risks could have financial impacts should they materialize, for example risks related to the security of data and information. Strategies have been developed and measures are in place to minimize their likelihood. For example, the TSB is modernizing its information management tools and practices.

The TSB is funded through annual appropriations. As a result, its operations are impacted by any changes in funding approved through Parliament. As a departmental corporation, it has authority to spend revenues received during the year although such revenues are minimal; on average less than 1% of the department's funding requirements.

A continuous risk to TSB's financial situation is that expenditures are greatly influenced by the number and complexity of transportation occurrences. A significant transportation accident or a flurry of smaller size occurrences could significantly increase expenditures and result in resource pressures that could require the department to seek additional funding from Parliament.

The TSB has reduced flexibility in its operating budget as a result of the expenditure restraint measures announced in Budget 2012 and the cost containment measures due to the freeze on operating budgets set out in Budget 2010. The department is managing the implementation of these measures through rigorous monitoring of its financial and human resources.

Significant Changes in Relation to Operations, Personnel and Programs:

For the first three quarters of 2012-13, there have been no significant changes in relation to operations, personnel and programs over the last year.

Budget 2012 Implementation:

This section provides an overview of the savings measures announced in Budget 2012, which calls upon the TSB to reduce its operating expenditures by \$1,283,000 by 2014-15, a net reduction of approximately 4.3% of its budget provided through Main Estimates. This reduction will be made on a progressive basis as follows:

Budget 2012 Reductions

Fiscal Year	Cumulative Reduction
2012-13	\$719,000
2013-14	\$846,000
2014-15 and on-going	\$1,283,000

The TSB anticipates being able to accommodate the reductions in funding without impacting the number or quality of investigations or the timeliness of its safety communications. The TSB will need to adapt to some changes to internal business processes and internal service levels given that the majority of the reductions will be made to the internal services program.

For fiscal year 2012-13, the reduction of \$719,000 consists of a reduction in the TSB's operating vote of \$619,000 and a reduction in the statutory authorities for employee benefit plans of \$100,000. The TSB plans for addressing the 2012-13 cuts in funding are to reduce salaries by eliminating 5 vacant or soon to be vacant positions and to reduce spending on professional services and special services as well as transportation and communications. The TSB is on track with its plans with the exception that its reduction in spending on professional services has not yet been realized due to the need to contract assistance in the area of internal services to fill short-term vacancies.

Approval by Senior Officials:

Approved by,

Wendy A. Tadros
Chair

Date
Gatineau, Canada

Chantal Lemyre, CGA
Chief Financial Officer

Date
Gatineau, Canada

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Statement of Authorities (unaudited)

Fiscal year 2012-13 (in thousands of dollars)

	Total available for use for the year ending March 31, 2013⁽¹⁾⁽²⁾	Expended during the quarter ended December 31, 2012	Year to date used at quarter-end
Vote 10 - Net operating expenditures	28,618	7,227	20,307
Statutory authorities - Employee Benefit Plans	3,619	908	2,696
Total Authorities	32,237	8,135	23,003

Fiscal year 2011-12 (in thousands of dollars)

	Total available for use for the year ending March 31, 2012 ⁽¹⁾	Expended during the quarter ended ended December 31, 2011	Year to date used at quarter-end
Vote 10 - Net operating expenditures	28,809	6,764	19,591
Statutory authorities - Employee Benefit Plans	3,694	923	2,770
Total Authorities	32,503	7,687	22,361

(1) Includes only Authorities granted by Parliament at the end of the 3rd quarter

(2) Total available for use does not reflect measures announced in Budget 2012

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Statement of Expenditures by Standard Object (unaudited)

Fiscal year 2012-13 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2013 ⁽¹⁾	Expended during the quarter ended December 31, 2012	Year to date used at quarter-end
Expenditures:			
Personnel	24,670	6,775	19,242
Transportation and communications	2,456	531	1,220
Information	210	53	105
Professional and special services	2,997	579	1,490
Rentals	440	19	219
Repair and maintenance	404	36	201
Utilities, materials and supplies	411	89	204
Acquisition of land, building and works	17	0	8
Acquisition of machinery and equipment	632	53	314
Total net budgetary expenditures	32,237	8,135	23,003

(1) Planned expenditures do not reflect measures announced in Budget 2012

Fiscal year 2011-12 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2012	Expended during the quarter ended December 31, 2011	Year to date used at quarter-end
Expenditures:			
Personnel	24,981	6,117	18,413
Transportation and communications	2,197	592	1,338
Information	162	22	88
Professional and special services	2,801	536	1,365
Rentals	252	49	199
Repair and maintenance	621	134	313
Utilities, materials and supplies	544	88	174
Acquisition of land, building and works	0	8	8
Acquisition of machinery and equipment	945	141	463
Total net budgetary expenditures	32,503	7,687	22,361